

LEROY TOURS GERALD WATER SUPPLY CORPORATION BOARD OF DIRECTORS MONTHLY MEETING

February 10th, 2022

1. Determination of Quorum, Call to Order:

John Simcik called the meeting to order at 7:01 p.m.

Board Members Present: John Simcik, Robert Polansky, Dennis Debbendener, Lyn Middleton, Stephen Symank, Cheryl Helms, Carol Baker and Don Ramsey. Kurtis Gerath was absent.

2. Hearing Members/Visitors concerns- 3 minutes per person:

There were none.

3. Review, Discuss/Take Action on minutes from January 13th, 2022 Board of Directors meeting:

Carol Baker made the motion to accept the meeting minutes from January 18th as written. Cheryl Helms 2nd the motion. All in favor, motion passes.

4. Review, Discuss/Take Action regarding Monthly Reports:

A. Directors Report

John Simcik went over the report with the New Directors.

B. Financial Matters-

The Board reviewed the Account balance sheet and the P&L.

1. 2 Debit cards- 2 cards were requested.

All of the Newly appointed Officers have gone to the bank. Will still need to go to the Credit Union.

C. Manager Report-

There were 48 late notices with an outstanding balance of \$ 8,656.14. January was very busy. TCEQ Regulatory & Assessment, Violation from Fourth quarter was put on the back of the bills. TRWA Member Fee/Eminent Domain, Tax information to CPA, TWBD Water Usage Audit was completed and submitted. These were given to the Engineer along with other water usage past and present information. AIA Insurance was submitted.

On January 7th I emailed the - Compliance Monitoring Section Enforcement Division Texas Commission on Environmental Quality (TCEQ). The photos, receipts and a letter of compliance. On January 20 LTG Water received the letter that we are now in compliance and the order has been satisfactory and no further action is necessary.

1. Purchase of 2 TRWA guide books – Everyone agreed this would be a good idea.

D. Field Manager Report –

40 Work orders were given out - 2 Emergency call outs

Whiskey Hollow generator ran for 70 hours during the lowest temperatures starting Wednesday February 2nd thru Saturday February 5th, 2022. Leroy generator did run 10 hours less. Tanks are 200 gallons filled at 85% they are now at 65% total used was 17%. This used ½ quart of oil. Will need to change the oil. Roy will handle regular maintenance all else will be hired out.

Water loss is down. There was a leak found at Miller Feed, this was repaired.

E. Operators Report-

Water loss that will show on next months loss will be from a fence builder that hit the main twice. This line was marked, due to not having location equipment the lines are hard to find. Birome bought one for \$7,000 and it doesn't work very well.

Transfer pump went out, it runs and fills the tanks up with chlorine. Bode was flushed at 132,000 gallons. The tanks were bleached out. System was flushed very well. New transfer pump was installed and old one was sent out to be rebuilt, this is now a stand by pump. Some new meters were installed.

5. Review, Discuss/Take Action regarding reappointment of Roy Davis as Field Manager and Diane Delgado as Assistant Secretary/ Treasurer/ Office Manager

Cheryl Helms made a motion to go ahead with the reappointment for the office staff. Lyn Middleton seconded. The majority in favor, Carol Baker and Don Ramsey did not vote. Motion passes.

Review, Discuss/Take Action – All correspondence goes to the corporation's office

Dennis Debbendener made a motion: All correspondence will go to the office, then it will be distributed to the directors. Lyn Middleton seconded the motion. The majority in favor, Carol Baker and Don Ramsey did not vote. Motion passes.

John Simcik stated, this is private information for Directors only and is NOT to be shared until it is open to the public.

6. Discuss/Take Action regarding 2021 Officers needing to return any and all - office and bank keys, paperwork removed from the office and official documents sent directly to them that were not shared with the office.

Cheryl Helms said, "she could not find her Bank key". Carol Baker returned her office key, gave it to Robert Polansky. Don Ramsey said, "he would return keys to the Bank office keys returned to the office. Cheryl had one key and he had two of them".

Don Ramsey said, "They had opened the safety deposit box and there were 3 expired CD's inside. He went to the Credit Union and got copies of the current CD's. Brought copies to the office and bank. Diane gave us some deeds but cannot find Plant 5 deed. That he had asked and the USDA does not keep them." John Simcik said, "back when he became secretary treasurer, there were 2 CD's and the stamp in the box."

Roy Davis said, "the paper work that was taken out of the office needed to come back, he was then told it was given to Don Ramsey. TRWA said that we needed to get all of that back and put a policy in place for destroying them." Don Ramsey said, "he was told by TRWA that we only needed to keep 2 years, so they came and got all but 2020 and 2021. That he had taken care of the other ones, Disposed of." Roy Davis said, "TRWA said if we do not have a retention policy, we need to get one, reviewed and approved." Barry Hand said, "TRWA has told Chalk Bluff the same thing that the ballots are never supposed to leave the office unless they are going to be disposed of with witnesses, this is in their retention policy. You all didn't have the right to do that."

7. Review, Discuss/Take Action regarding appointing a committee on updating the By-law changes made by the USDA and discuss if any additional by-laws need to be added

Lyn Middleton made the motion to have those who volunteer to serve on the committee Dennis Debbendener, Cole Canady, Cheri Beuerlein and Robert Polansky to review the by-laws & make recommendations for additions if needed. Cheryl Helms seconded. The majority in favor, Carol Baker and Don Ramsey did not vote. Motion passes.

8. Review, Discuss/Take Action on Update from the Engineer on the progress of the USDA-RD Loan Application

Danny Hays gave all the Directors a copy of the preliminary report for the USDA Water System Improvements. Mr. Hays went through the report for the directors. In the next 5 to 10 years, we will be short on water. Planning for future water is needed. Also looked into the arsenic. Well capacity is needing to be improved. Recommended doing the water loss audit every year. Line Replacements, meter replacements- drive by read, facility improvements. Discussed VFD- Soft Start.

Discussed the 30-to-40-year loan potential on debt payments. All the potential costs listed are Estimates Only. If the USDA gives you grant funding these estimates will come down accordingly. Mr. Hays went over that it is best to put some costs on the base rate then on the incremental blocks to spread out the cost to those that use the most water.

Went over each of the alternatives 4 were presented:

#1 Alternative – No action. Potential Costs: 0

#2 Alternative – Filtration: Expensive to operate and very complex. A long process to get filtration. Time frame: 6 to 9 months design, 12 months construction, 4 months each for TCEQ approval before any pilot and after getting the pilot results, 5 to 10 days to celebrate for pilot TCEQ requires at least 30 days each plant for the pilot study. Looking at 35 to 38 months. O&M costs annually with filtration the rates are uncertain for maintaining costs over time. Filtration does not give us any more water. The Mart project is so expensive it isn't worth going that far. Potential Costs: \$ 11,757,000.00

#3 Alternative – Surface Water from Waco: Time frame: 12-month design, 12-month construction. Recommend Plant 6 get 2 tanks at 150,000 gallons each. Also went over blending options could blend at 60/40 Waco. Potential Costs: \$ 12,627,500.00

#4 Alternative – Both filtration and surface water. Potential Costs: \$ 16,398,900.00

Don Ramsey asked about the EPA. Mr. Hays replied, "he had emailed Mrs. Moore on his status but had not heard back from her." Don Ramsey then reprimanded the engineer. Saying he had not done the work as requested, like separating the application to address the arsenic now and the system improvements at a later date. Working with the committee on getting this done with time to review and then present to the board then give to the USDA. The deadline has passed and now you are requesting more time. Discussed previous tests done and lab work usability. Why didn't you reach out to the USDA, you were told they wanted to have a meeting. Mr. Hays replied, "he has tried to reach out with no responses." A huge delay on submitting the application was getting figures back from the filtration company.

Mr. Hays recommendation is, presenting this to the USDA as the Surface Water alternative. Finalize all remaining information for the surface water alternative and submit it to the USDA RD then notify the EPA it has been submitted.

9. Review, Discuss/Take Action on Update on the possible McLennan County Grant - Cheryl Helms/Danny Hays

Danny Hays answers questions from the Directors about doing filtration under the grant.

Lyn Middleton asked if the filtration system will need a full-time person to run it 24 hours a day 7 days a week. Also, what about the waste and all the unknown costs. Mr. Hays went over that Mr. Hand may not need to be 24-7 but it

will need to have his full attention until everything was up and running for a while. Until he learned the system enough to not need his full attention. As for the waste after a full pilot study is done, they would give you how often the waste would need to be removed.

John Simcik asked what will be the fastest way to complete the EPA order. Mr. Hays did suggest that the surface water alternative will be the best option.

This will need to be turned in by February 15th, 2022. Danny Hays will fill out the form adding needed information and submit to the County.

Mr. Hays informs the board they can submit the filtration alternative to the TWDB for a grant any time over the next 5 years as well. The TWDB has 2.9 billion in grant money. You may want to entertain this for the future. The Board discussed this option but decided to submit to the County.

Dennis Debbendener asked how the filtration and surface water process would work going out to the system. Mr. Hays briefly went over that surface water will go into a tank; our ground water will go into a tank which then goes through filtration. Both waters will collect in another tank where they will be blended and distributed through the system.

Motion: Stephen Symank made the motion that KSA Engineers will submit to the USDA-RD Loan the application for the Surface Water from Waco. KSA Engineers will submit information for the grant to McLennan County regarding a filtration system. Robert Polansky seconded the motion.

Vote:

John Simcik – Yes
Stephen Symank- Yes
Cheryl Helms – Yes
Carol Baker – Yes
Don Ramsey – Yes
Robert Polansky – Yes
Lyn Middleton – Yes
Dennis Debbendener – No for filtration

10. Closed Session: The Leroy Tours Gerald Water Supply Corporation reserves the right to adjourn into executive session on any of the items listed on this Agenda, if at any time during the meeting an item meets the criteria which allow for executive session under Texas Government Code, TITLE 5, SUBTITLE A, CHAPTER 551.

No session at this time

11. Action on Topics discussed in closed session

No action at this time

12. Adjournment: 9:50 pm

Carol Baker made the motion to adjourn. Cheryl Helms seconded the motion. The motion carried unanimously.